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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA,)	No. 08-222-WHA
Plaintiff,)	
v.)	DECLARATION OF
)	WILLIAM NELSON
LUKE D. BRUGNARA,)	
Defendant.)	

I, William Nelson, pursuant to 28 U.S.C. § 1746, declare and state as follows:

I am a shareholder in the firm Piercy, Bowler, Taylor & Kern ("PBTk"), which is an accounting firm located in Nevada.

2. In late 2000, Luke Brugnara engaged PBTk when he was applying for a gaming license. PBTk was hired to review Mr. Brugnara's financial records, including his tax returns. In 2001, Mr. Brugnara also requested that we prepare his 2000, and future tax returns.

3. From late 2000, until about March 2001, PBTk requested copies of final records from Mr. Brugnara. This included requests for information related to properties Mr. Brugnara sold. For example, on February 28, 2001, a fax was sent to Mr. Brugnara requesting:

1 a. "Estimated net income or loss for 2000 that will be reported on your tax
2 returns."

3 b. "Estimated net income or loss that you will have in 2001 that will be
4 reported on your tax return, including the sale 490 Post;"

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6 4. On March 1, 2001, Mr. Brugnara responded in writing noting an "Estimated Net
7 Income/Loss for 2001", that included the "Sale of 490 Post." Mr. Brugnara estimated "\$12.5M
8 gain" and estimated "\$2.5M" tax on the sale. Mr. Brugnara also provided "Net Income/Loss"
9 for 2000. In this amount, Mr. Brugnara included \$7.2 million gain from the sale of "814
10 Mission" and \$2.4 million gain from the sale of "939 Market." Mr. Brugnara stated the total
11 gain was "\$9.6M" and estimated "\$1.96M tax."


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13 5. On March 2, 2001, PBTK sent Mr. Brugnara an additional letter asking for
14 information about his statements that he earned \$7,200,000 from the sale of 814 Mission Street
15 and \$2,400,000 from the sale of 939 Market Street to determine his tax liability.

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17 6. Mr. Brugnara sent a response on March 3, 2001. In his response he stated that he
18 purchased 814 Mission Street in "December 1993" and sold the property in "January 2000."
19 Mr. Brugnara also stated he purchased the property for "\$2.8M" and sold the building in 2000
20 for \$12M". Mr. Brugnara provided certain costs to support the realized gain of \$7.2
21 million. Mr. Brugnara also stated that he purchased "939 Market" Street in "May 1993" for
22 "\$2.5M" and sold the property in "January 2000" for "\$8M." Mr. Brugnara provided costs to
23 support the realized gain of \$2.4 million.

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25 7. Prior to receiving these amounts, on February 16, 2001, PBTK advised Mr.
26 Brugnara that the sale or exchange of any property is reported on a tax return on, for example, a
27 Schedule D, Form 4797, or Form 6252.
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1 I declare under penalty of perjury that the foregoing is true and correct.

2 Executed on 19 day of April, 2010, at Las Vegas, Nevada.

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5 _____
6 William Nelson
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